

ZA:MW
F. #2016R00141

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

16M269

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UNITED STATES OF AMERICA

- against -

DANIEL CHON,

Defendant.

- - - - -X

TO BE FILED UNDER SEAL

COMPLAINT AND
AFFIDAVIT IN
SUPPORT OF
APPLICATION FOR
ARREST WARRANT

(18 U.S.C. § 1343)

EASTERN DISTRICT OF NEW YORK, SS:

ARMANDO COUTINHO, being duly sworn, deposes and states that he is a Task Force Officer with the Federal Bureau of Investigation, duly appointed according to law and acting as such.

In or about and between May 2013 and March 2016, both dates being approximate and inclusive, within the Southern District of New York and elsewhere, the defendant DANIEL CHON knowingly and intentionally devised a scheme and artifice to defraud and to obtain money and property from individuals and entities by means of materially false and fraudulent pretenses, representations and promises, and for the purpose of executing such scheme and artifice, transmitted and caused to be transmitted, by means of wire communication in interstate and foreign commerce, writings, signs, signals, pictures and sounds.

(Title 18, United States Code, Section 1343)

The source of your deponent's information and the grounds for his belief are as follows:¹

1. I am a Task Force Officer with the Federal Bureau of Investigation and am currently assigned to the NYPD/FBI Financial Cyber Crime Task Force. During my tenure with the NYPD and as a member of the Cyber Crime Task Force, I have participated in numerous financial fraud investigations and have participated in all aspects of investigations, including conducting surveillance, executing search warrants, debriefing defendants and informants and interviewing witnesses. During the course of these investigations, I have served as the lead investigator in the investigation and prosecution of persons involved in mail and wire fraud, among other crimes.

2. I am familiar with the facts and circumstances set forth below from my participation in the investigation, my review of the investigative file, and from reports of other investigators.

I. Background

3. The defendant, DANIEL CHON, is employed by Toys "R" Us, Inc. ("Toys 'R' Us") as a Director of Inbound and Outbound Transportation. He has been employed by Toys "R" Us since June 2009.

4. Toys "R" Us employs drivers to transport merchandise from distribution centers to retail stores around the United States. Drivers are given "Fleet Cards," or debit cards, which drivers may use to pay for travel expenses, including fuel.

¹ Because the purpose of this Complaint is to set forth only those facts necessary to establish probable cause to arrest, I have not described all the relevant facts and circumstances of which I am aware.

5. Fleet Cards are issued and managed by a third-party company, which shipped Fleet Cards directly to Toys “R” Us. The third-party company that administers the Fleet Cards has created an “eCash” feature which allows funds to be loaded onto a specific Fleet Card. The eCash funds can then be withdrawn from ATMs. The eCash feature is designed to permit drivers to pay for expenses such as lodging, meals, repairs and alternate transportation in emergency situations.

6. In order to turn on the eCash feature, or to load funds to a card, a user must log in to a secure system administered by the third-party company and enter a username and passcode. The user must complete a secondary authentication of an image set by that user. After eCash funds are loaded onto a card, cash can then be withdrawn from ATMs.

7. In order to withdraw funds from an ATM using a Fleet Card, a person must have both the Fleet Card and the employee id number associated with that card.

8. In his role as Director of Inbound and Outbound Transportation at Toys “R” Us, the defendant DANIEL CHON had access to the Fleet Card system. When logged into the Fleet Card system, the defendant could activate Fleet Cards and assign employee id numbers to those cards. All invoices related to Fleet Cards were sent to Toys “R” Us and the defendant arranged for and approved payments of Fleet Card invoices between May 16, 2013 and March 10, 2016.

9. Toys “R” Us management had not approved the use of the Fleet Card eCash feature by Toys “R” Us employees, including the defendant, DANIEL CHON. However, by logging into the Fleet Card system, the defendant could nonetheless activate and utilize the eCash feature.

II. The Fraudulent Scheme

10. In or about and between May 2, 2013 and March 10, 2016, a Toys “R” Us employee with the username “Chon” logged into the secure Fleet Card system and loaded Fleet Cards with eCash on approximately 117 different occasions. The total amount of eCash funds loaded to the cards was \$1,915,429.00. Records associated with the Toys “R” Us Fleet Card account reveal that username “Chon” is assigned to the defendant, DANIEL CHON.

11. Upon information and belief, no other Toys “R” Us employee usernames were used to load Fleet Cards with eCash funds between May 2, 2013 and March 10, 2016.

12. Invoices for Fleet Cards, including eCash expenses, were sent to the defendant, DANIEL CHON. He approved payments from Toys “R” Us for approximately \$1,915,429.00 in eCash loaded to Fleet Cards between May 2, 2013 and March 10, 2016.

13. Fleet Card transaction records reveal that between May 2, 2013 and March 10, 2016, approximately \$1,885,056.73 in eCash funds was withdrawn from ATMs in the United States and abroad. Security photographs from ATMs reveal the defendant, DANIEL CHON withdrawing cash from Fleet Cards in the United States. For example:

- a. February 26, 2016 security photographs show the defendant, DANIEL CHON, using an ATM in Franklin Lake, New Jersey at approximately 6:21 p.m. Fleet Card transaction records reveal that \$1,003.00 was withdrawn from the same ATM at approximately 6:21 p.m. on February 26, 2016.
- b. March 7, 2016 security photographs show the defendant, DANIEL CHON, using an ATM in Franklin Lake, New Jersey at approximately 6:53 p.m. Fleet Card

transaction records reveal that \$1,003.00 was withdrawn from the same ATM at approximately 6:53 p.m. on March 7, 2016.

- c. March 10, 2016 security photographs show the defendant, DANIEL CHON, using an ATM in Franklin Lake, New Jersey at approximately 12:21 p.m. Fleet Card transaction records reveal that \$1,003.00 was withdrawn from the same ATM at approximately 12:21 p.m. on March 10, 2016.

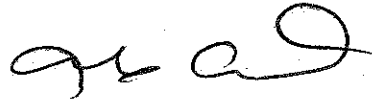
14. Cash withdrawals from Fleet Cards were often made from ATMs in locations abroad where the defendant, DANIEL CHON was located. For example:

- a. Travel records indicate that from January 20, 2015 through January 25, 2015, the defendant, DANIEL CHON travelled to London, UK. Bank records indicate that between January 21, 2015 and January 23, 2015 approximately \$13,149.25 was withdrawn from a Toys “R” Us Fleet Card at ATMs in London, UK.
- b. Travel records indicate that from April 2, 2015 through April 6, 2015, the defendant, DANIEL CHON travelled to Madrid, Spain. Bank records indicate that between April 3, 2015 and April 4, 2015, approximately \$896.59 was withdrawn from a Toys “R” Us Fleet Card at an ATM in Madrid, Spain.
- c. Travel records indicate that from August 12, 2015 through August 16, 2015, the defendant, DANIEL CHON travelled to Berlin, Germany. Bank records indicate that on August 14, 2015, approximately \$561.05 was withdrawn from a Toys “R” Us Fleet Card at an ATM in Berlin, Germany.

15. Between November 25, 2013 and March 7, 2016, the defendant, DANIEL CHON, deposited approximately \$405,268.00 in cash to a checking account for

which he is the only signatory. Between May 24, 2013 and February 8, 2016, the defendant deposited approximately \$216,372.00 in cash to a second checking account for which he is the only signatory. Analysis of a credit card account held solely in the defendant's name reveal a similar pattern of cash payments made at ATMs.

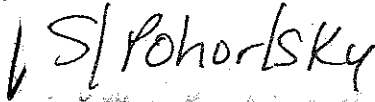
WHEREFORE, your deponent respectfully requests that the defendant, DANIEL CHON, be dealt with according to law. I further request that this affidavit and the arrest warrant be filed under seal as disclosure of this application would give the target of the investigation an opportunity to destroy evidence, harm or threaten victims or other witnesses, change patterns of behavior, notify confederates, and flee from or evade prosecution.



ARMANDO COUTINHO
Task Force Officer,
Federal Bureau of Investigation

Sworn to before me this

21st day of March, 2016



THE HONORABLE VIKTOR V. POHORELSKY
UNITED STATES MAGISTRATE JUDGE
EASTERN DISTRICT OF NEW YORK